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SUBJECT: USAID AND SOCIAL COHESION COUNCIL ESTABLISH WORKING GROUP

REF: A. GUATEMALA 771

[1](#)B. GUATEMALA 1229

[1](#)1. Summary: On October 16, the Ambassador and USAID Acting Mission Director Rose Rakas attended a meeting led by First Lady Sandra Torres de Colom to discuss the Social Cohesion Council's poverty reduction programs and ways in which the USG, through USAID, could further support the GOG's anti-poverty efforts. The Ambassador congratulated the First Lady on the GOG's success in coordinating the multiagency efforts through the council and welcomed the opportunity to deepen the ties between the council and USAID on these critical issues. Both sides agreed to establish a technical working group to investigate possibilities of how to work together moving forward. The Ambassador agreed to visit Social Cohesion projects. End Summary.

[1](#)2. Created on January 21 and led by First Lady Torres de Colom, the Social Cohesion Council coordinates some of the GOG's multiagency anti-poverty efforts and is composed of representatives from the Ministries of Education, Health, Finance, and Energy, the Secretariat of Food and Nutrition Safety (SESAN), and the Office of Social Work (SOSEP). The Ambassador congratulated the First Lady on the council's effective interagency coordination to date. The council does not have its own budget, but manages programs that are supported by budgets of other government agencies. The program's proposed budget for 2009 was reported to be an approximate USD373 million, which would be used to carry out projects in 125 priority municipalities. The Inter-American Development Bank has also reportedly approved two loans totaling USD350 million for the council's My Family Progresses and My School Progresses Programs.

[1](#)3. According to Torres de Colom, the council has had positive results in the areas of education, health, infrastructure, and food security. The conditional cash transfer program My Family Progresses is the council's flagship program and provides conditioned payments for school attendance and vaccinations (Ref A). According to Torres de Colom, 49,921 families in extreme poverty have benefitted under this program and a study conducted in nine municipalities showed that 3,700 students returned to school due to these conditioned payments. Through the council, the GOG has funded 1,085 additional health officers, 1,322 teachers, 216 potable water projects, and provided 26,832 micro-loans totaling approximately USD9 million to women-led cooperatives. The council's subsidized meals program for working families in urban areas has provided 41,598 meals since September 9.

[1](#)4. USAID Acting Mission Director Rakas highlighted ongoing USAID programs in health, education, economic growth, food security, and democracy and governance that support the Social Cohesion Council's goals of overcoming extreme poverty and developing the country's human capital. USAID is currently providing targeted support to the council's programs, such as a six-month agreement with Citizen Action (Accion Ciudadana), the Guatemalan chapter of Transparency International, to develop the transparency and accountability component of the council's conditional cash transfers program.

[1](#)5. The Ambassador confirmed the USG's commitment to support GOG programs that increase opportunity and reduce inequity in Guatemalan

society, and highlighted the issues of health, education, and populations at risk as areas of particular importance. The Ambassador also welcomed the opportunity to strengthen the USAID-Social Cohesion Council working relationship to pursue common objectives. Torres de Colom expressed appreciation for USAID's contributions to date, and emphasized that the USG's continued support, advice, and training are essential to the council's effectiveness. Both sides agreed to establish a technical working group with representatives from USAID and the council to discuss ways to work together.

16. In recent weeks, the Guatemalan public, members of Congress, and some civil society representatives have criticized what they consider a lack of transparency in the council's accounting procedures. According to Congresswoman Nineth Montenegro (Encounter for Guatemala), My Family Progresses is the council's only program with a financial structure that allows budgetary oversight, while the remaining five programs do not have adequate accounting measures. Congresswoman Roxana Baldetti (Patriot Party), a political rival of the GOG, also expressed concern that the My Family Progresses program does not have adequate fraud-prevention measures, allowing some families to receive more than the maximum monthly amount of USD40 stipulated by the program. First Lady Torres de Colom defended the council's operations, stating that its results are measurable and its accounting procedures transparent since the council's resources come from other government entities. Civil society members are optimistic that the recently passed Freedom of Information Act may help to make execution of the council's programs more transparent (Ref B).

17. Comment: The First Lady's programs are some of the GOG's most visible. Guatemala has shocking levels of extreme poverty, and the First Lady's commitment and ability to oblige ministries to act faster to address poverty reduction are positive. However, there exists the possibility that these new programs could undercut efforts to develop long-term sustainable institutions capable of addressing Guatemala's many social needs. The Embassy is mindful of this concern, and is providing assistance that is targeted to areas in which it can effectively improve transparency, accountability, and effectiveness of these programs. End Comment.

McFarland